CC: Paul
M0470081

BLACK SANDS HOLDING, CO.

12324 E. Bates Circle
Aurora, CO 80014
Office: 303-803-2281
Fax: 303-873-1331
Email : adpropp@comcast.net

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
Attention: Paul Baker
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

RE: INSPECTION REPORT, COLOR COPY VIA EMAIL 4/27/06

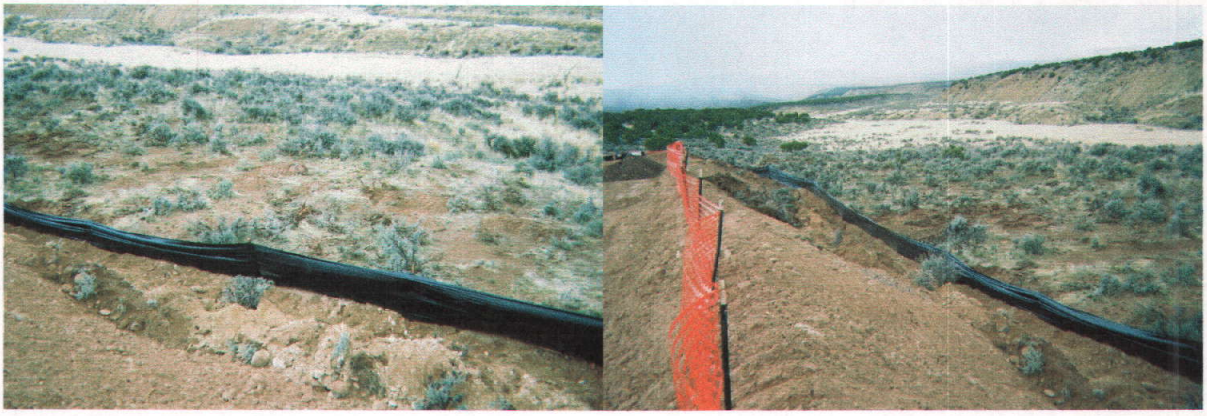
Dear Mr. Baker:

We believe we have fully addressed the concerns you outlined in your Inspection Report dated April 18, 2006. You will find below items taken from your Report in italics, followed by my explanation of how we addressed them.

3. Protection of Drainages / Erosion Control
The site is graded such that all drainage would flow to the northeast or southeast corner. No sediment controls have been installed in these areas 9 (Photo 4).

We purposely graded the site to control the drainage, with a shallow ditch along the eastern side and north toward the nearest valley. We have now installed two rows of hay bales in the drainage ditch to slow run off from the site, thereby controlling and capturing any run off sediment. We have also installed silt fence along the entire northern berm of the site to control run off from the bermed area. And, finally, we place rip-rap at the far northern end of the drainage ditch to further slow any water running into the valley.

Picture 1: Hay Bales for Sediment Control



Pictures 2 and 3: Silt Fence along Northern Berm for Sediment Control

Picture 4: Rip-rap

4. Deleterious Material
There are several barrels of hexane and pentane being stored on the site, mostly on pallets, but there is no lined or bermed containment area (Photo 1).

We have built a containment berm for the solvent. This berm is sloped to the north so that we can drive machinery into the berm to pick up the barrels and move them to the processing unit. We have not lined the berm because such lining would undoubtedly get damaged when moving barrels into or out of the berm. We believe there is very little danger of spill in the berm as it is simply a storage area.

Pictures 5 and 6: Solvent Berm

The containment area around the fuel tank does not appear to be large enough to contain the full contents of this tank.

We have increased the volume of the containment berm to over 80 cubic feet, which is 1.2 times the total volume of the 500 gallon diesel fuel tank.

Picture 7: Fuel Tank Berm

There is a fuel line running from the fuel tank to the generator, and it is exposed.

We have buried the fuel tank line.

Pictures 8 and 9: Buried Fuel Line to Generator

The containment area around the main oil storage tank (Photo 2) does not appear to be large enough to contain the full contents of this tank. Particularly, this containment area is sloped to the southeast, and it appears the southeast corner of this containment area has the lowest berm. There is a drain pipe running from the processing area into the containment area around the main oil storage tank, but if the main storage tank was to leak, oil would flow back into the processing area from which it would escape.

The inside area of the main oil tank storage berm is 30' X 30', and its minimum height was 2.5'. The overall sloping of the site causes a visual illusion, in that the base of the bermed area is actually level. The southwest corner of the berm is much higher than 2.5 feet, but the northeast corner is three feet high. The total volume of the bermed area is 2,250 ft^3, which gives a 1.34 safety factor over the 1,683 ft^3 volume of the storage tank. Nevertheless, we went ahead and increased the height of the berm in the northeast corner.

We have also removed the drain pipe in question.

Pictures 10 and 11: Oil Storage Tank Berm

Pictures 12: Oil Storage Tank Berm

9. Soils
We did not measure the size of the disturbance but estimate it to be about two acres. One small pile of soil has been salvaged (Photo 1). There might also be some soil in the berms, but it appeared the berms were soil mixed with overburden. About six inches of topsoil is available, and with a two-acre disturbance, about 1600 cubic yards of soil should have been saved.

We measured the total area of the disturbance to be 55,930 ft^2, or about 1.3 acres. At six inches of topsoil that would give about 1,050 cubic yards of top soil. Most of this topsoil was pushed into the drainage containment berm along the eastern border of the site. In addition, there are several piles of topsoil at the site. I am assured by our personnel that they were careful to conserve the topsoil in the berm and piles. Our plan for reclamation of the site includes scarifying or ripping. If we do not have enough top soil to properly reclaim the area after this process we will buy additional top soil as necessary.

Picture 13: Eastern Drainage Berm Made of Topsoil.